

Statement of Investment Policy

Alabama ABLE Savings Plan

November 2025

Table of Contents

<u>Section</u>	<u>Page</u>
1. Authority & Purpose	3
2. Purpose of Statement	3
3. Program Investment Objectives	3
4. Responsibilities	4
5. Program Investment Overview	5
6. Performance Objectives	5
7. Control Procedures	6
8. Fund Replacement	7
9. Addendum 1	8
10. Addendum 2	9

1. Authority and Purpose

The Alabama ABLE Savings Program (“ABLE”) was established in Section 16-33C-24, Code of Alabama, as a tax-advantaged savings program for qualified individuals with a disability whereby contributors open savings accounts according to savings agreements to accumulate and invest contributions for qualified disability-related expenses for a designated beneficiary without impacting resource-based benefits.

The Board of Trustees (“Board”), created in Section 16-33C-4, Code of Alabama, is responsible for investing monies held in the ABLE Trust Fund (“Fund”). The purpose of this Investment Policy & Guidelines Statement (“Statement”) is to assist the Board with its responsibilities of monitoring, evaluating, and revising of the investment program established for the Fund.

The Funds’ participants and beneficiaries are expected to have different investment objectives, time horizons and risk tolerances. To meet these varying investment needs, participants are able to direct their account balances among a range of multi-fund risk-based portfolios. Participants and beneficiaries alone bear the risk of investment results from the portfolios and investment options they select.

This Statement will be reviewed regularly and amended as necessary.

2. Purpose of This Statement

This Investment Policy Statement (“Policy”) defines the Program’s investment objectives and establishes policies and procedures so that investment objectives can be met in a prudent manner. This Policy is intended to:

- Articulate objectives of the Program and its investment portfolio;
- Identify roles of specific entities having fiduciary responsibility to the Program;
- Define policies regarding permitted investments, benchmarks, and asset allocation strategies; and,
- Describe current investment options available to holders of individual savings accounts (“Accounts”) established as part of the Program.

3. Program Investment Objectives

The overall investment objectives for the Program, and as applicable, the individual Underlying Portfolios provided to the participants shall seek to achieve the following objectives:

1. A long-term competitive rate of return on investments that compares favorably to or exceeds a return of the applicable fund benchmark;
2. An investment program that provides exposure to a range of investment options to meet the savings goals of participants based upon their risk objective and allows each individual the ability to invest in a diversified static target portfolio;
3. Investment options that encompass a range of risk and return opportunities; and,
4. Provide participants, investments at a reasonable cost

4. Responsibilities

The Board

The Board is responsible for maintaining and updating the Investment Policy Statement, the direction of investments, the selection of service providers and administration of the assets of ABLE. The Board will maintain written records of all decisions, decision making process, and general Program information. The Board may rely on one or more contract professionals to assist in the administration of the Program.

Section 16-33C-10 (e), Code of Alabama, states that “In acquiring, investing, reinvesting, exchanging, retaining, selling, and managing property of the Fund, the Board and any person or investment manager to whom the Board delegates any of its investment authority, shall exercise the judgment and care under the circumstances then prevailing which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not in regard to speculation but to permanent disposition of funds, considering the probable income as well as the safety of their capital. When acting within this standard of care, no Board member, or any person or investment manager to whom the Board delegates any of its investment authority, shall be held personally liable for losses suffered by ABLE on investments made pursuant to this chapter.”

Staff

Staff is responsible for the day-to-day administration and management of the ABLE program and serves as the liaison between the Board, program manager and investment consultant. Staff monitors the actions of the service providers and will work with the service providers to implement any decisions made by the Board.

The Program Manager

The Board has retained Vestwell (“Plan Manager/Vestwell”) for administrative, recordkeeping and distribution services. The Board and Vestwell shall meet at least quarterly to review the overall Program and performance of the underlying portfolios as compared to the applicable benchmarks.

The Investment Consultant

The Board has determined that it is necessary and reasonable to retain a professional investment consultant (the “Investment Consultant”) to advise the Board regarding the investments of ABLE. Under this policy, the Investment Consultant will generally be responsible for the following:

- Providing general investment advice to the Board and Staff;
- Making recommendations on investment policies, objectives, and strategies, including asset allocation;
- Monitoring of portfolio and underlying investment fund performance; and
- Making recommendations as it relates to investment options and/or static target portfolios.

5. Program Investment Overview

The Board will pursue the following policies to allow ABLE to meet Program Objectives.

Permitted Investments

The universe of possible investment options for ABLE may include: equities (both domestic and foreign); real estate; corporate and government debt instruments (of any maturity) and any other investment vehicle utilized in the marketplace. However, all of the assets in ABLE will be allocated to Investment Portfolios which will initially be invested in one or more Funds. Since all mutual fund assets are subject to the provisions of the Investment Company Act of 1940 (the "1940 Act"), the Program's assets must be managed in a manner consistent with the 1940 Act. Mutual funds are governed by a prospectus and the Board recognizes that the prospectus is the governing document with respect to allowable investments, risk assumptions and diversification.

Asset Allocation

The Board will pursue asset allocation strategies to allow ABLE to meet Program objectives. The Board has established asset allocation guidelines, staff is responsible for maintaining the allocations within approved levels.

Staff utilizes daily cash flows to manage to the targeted asset allocations. In addition, Staff rebalances each portfolio back to target at quarter-end.

The Board shall monitor the asset allocation of ABLE's Investment Portfolios relative to approved allocations.

6. Performance Objectives

The Board shall evaluate investment performance on a quarterly basis relative to an assigned benchmark and peer group. Each individual fund portfolio will have an assigned benchmark and peer group and the multi-fund portfolios will have a blended benchmark. The specific benchmarks and peer groups are defined in Addendum 2.

Passive Options:

The objective of an index fund is to match the performance of its benchmark with minimal tracking error. As a result, the evaluation of index funds will focus on their ability to match the return of the benchmark on a gross-of-fee basis and to do so with minimal tracking error.

Active Options:

The objective of an actively managed fund is to outperform its benchmark over longer periods on a net-of-fee basis. Longer periods will be defined as 3 to 5 years or a full market cycle for measuring purposes. The specific objectives are as follows:

- Outperform its benchmark and rank in the top half of its peer group over the trailing 3 to 5 years or a full market cycle.
- Demonstrate percentile risk-adjusted performance above the 75th percentile as measured against its peer group over the trailing 3 to 5 years or a full market cycle.

Multi-Fund Options:

Since it is not feasible to replace the entire suit of multi-fund offerings, performance evaluation will focus on the underlying funds that are causing the under- or outperformance of the overall portfolio.

7. Control Procedures

The Board's monitoring procedures are designed to provide qualitative and quantitative information to the Board on investment performance to aid it in making the best decisions on behalf of ABLE Participants. The Board, with the assistance of the Investment Consultant and Program Manager, will evaluate performance from a long-term perspective on a quarterly basis. Investment performance will be evaluated in terms of an appropriate market index and relevant peer group.

Each individual fund portfolio will have a specified market benchmark or a blend of market benchmarks for the multi-fund portfolios, as listed in Addendum 2.

Performance Evaluation:

Recognizing that market fluctuations may cause variations in performance, the Board intends to evaluate performance from a long-term perspective (i.e., 3 to 5 years or a full market cycle). On a quarterly basis, the Board will review the Plans' investment options to ensure that they are meeting expectations. The Board will specifically consider, among other things performance, risk, style consistency, portfolio manager turnover, and cost. It will also review qualitative factors such as changes in investment philosophy, investment process, research capabilities, organization, and personnel.

Watch List Standards:

Several factors may contribute to a portfolio's over- or under-performance at any given time, including market dynamics, investment skill, chance or a combination thereof. Because a portfolio's performance might be attributable to factors that do not reflect deficiencies in skills, strategy or investment philosophy/process, it may be unwise to recommend termination solely because a portfolio performs below expectations for a certain period of time. A "Watch List" will be utilized to identify those portfolios whose performance or other factors are cause for further assessment, possible termination, or other action by the Board.

A portfolio may be placed on Watch and an appropriate review and analysis of the investment manager may be conducted, when one or more of the following events occur:

- The portfolio fails to meet the performance objectives outlined in this Statement;
- There is a change in the investment manager's organization, investment philosophy and/or personnel;
- There is a significant change in the investment manager's assets under management in the product or firm-wide;
- There is an indication that the investment manager is deviating from his/her stated style and/or strategy;
- There is a significant increase in the portfolio's fees or expenses;
- There are legal, SEC and/or other regulatory agency proceedings affecting the manager; and/or
- Any issue or event deemed relevant by the Board.

The Board may decide to take no action or it may vote to place the individual fund portfolio on Watch. In making this decision, the Board may use quantitative or qualitative information or a combination of

both. Once on Watch, the individual fund portfolio will be monitored closely. Specifically, the Program Manager will provide a quarterly report explaining causes of underperformance or improvement. Additionally, the Investment Consultant will monitor the individual fund portfolio carefully and provide additional reports as necessary. This increased level of monitoring continues quarter-by-quarter until the Board releases the individual fund portfolio from Watch or takes other corrective actions.

8. Fund Replacement

The Board may replace funds on Watch as part of its fiduciary responsibility to monitor and take corrective action if required. If a fund replacement is necessary, the Program Manager will provide the Board with one or more recommended replacement funds. The Investment Consultant will also provide the Board with its opinion of the Program Managers recommendations.

All of the above actions require Board approval.

For multi-fund portfolios, if the Board determines that an underlying fund must be removed, it will work with the Investment Consultant and Program Manager on a case-by-case basis to consider replacement of the fund from the portfolio's fund allocation. The replacement fund in a multi-fund portfolio should be a good fit as far as asset class and investment style within the target asset mix and manager mix. The fund should also complement the other existing funds within the multi-fund option.

Addendum 1 Section 9

While the investment parameters for all of the Investment Portfolios offered in ABLE are approved by the Board, Account Owners (or participants) bear the risk of investment results derived from the selected Investment Portfolio specifically and ABLE generally. The appropriate Investment Portfolio (or Portfolios) for each Account Owner is (are) a function of multiple factors, including age (of Beneficiary), income, length of time before money is used, and tolerance for investment risk.

Participants in the Program may choose for their contributions to be invested in one or more of the available Multi-Fund Portfolios, each composed of a designated mix of investments or an individual investment fund(s). The various portfolios are developed to provide a mix of available options appropriate for various ages and/or the investment objectives of the Participant. The asset allocation of each Portfolio will be established by the Board and managed by Vestwell. The Board may adjust the weighting across each of the asset classes represented in each Portfolio and may change the funds within the Portfolios consistent with this Investment Policy Statement.

Alabama ABLE Savings Program (“ABLE”)

The policy target asset allocations and benchmarks for the investment options within the Target-Risk Portfolios are shown below.

Target-Risk Portfolios

ABLE offers three Target-Risk Portfolio Options. These portfolios invest in a mix of equity, real estate, fixed income and/or money market funds allocated according to a static mix based on different levels of risk. The Target-Risk Portfolios do not adjust over time. The asset allocation percentages by asset class are set forth in the following table.

Asset Allocation for Target-Risk Portfolios

Asset Class	Aggressive	Moderate	Conservative
US Equity	49.0%	36.0%	19.0%
US Equity	5.0%	5.0%	3.0%
Non-US Equity	26.0%	19.0%	8.0%
Intermediate Fixed Income	13.0%	27.0%	35.0%
Short-Term Fixed Income	4.0%	9.0%	22.0%
Short-Term Fixed Income	3.0%	4.0%	13.0%

**Addendum 2
Section 10**

Benchmark and Peer Group Definitions

Portfolio	Benchmark	Definition
Alabama ABLE Aggressive	Alabama ABLE Aggressive Index	49% CRSP US Total Market Index 5% Real Estate Spliced Index 26% Spliced Total Intl Stock Index 13% Spliced Bloomberg U.S. Aggregate Float Adjusted Index 4% Spliced Bloomberg U.S. 1-5YrGov/Cr Float Adjusted Index 3% Bloomberg U.S. TIPS 0-5 Year Index
Alabama ABLE Moderate	Alabama ABLE Moderate Index	36% CRSP US Total Market Index 5% Real Estate Spliced Index 19% Spliced Total Intl Stock Index 27% Spliced Bloomberg U.S. Aggregate Float Adjusted Index 9% Spliced Bloomberg U.S. 1-5YrGov/Cr Float Adjusted Index 4% Bloomberg U.S. TIPS 0-5 Year Index
Alabama ABLE Conservative	Alabama ABLE Conservative Index	19% CRSP US Total Market Index 3% Real Estate Spliced Index 8% Spliced Total Intl Stock Index 35% Spliced Bloomberg U.S. Aggregate Float Adjusted Index 22% Spliced Bloomberg U.S. 1-5YrGov/Cr Float Adjusted Index 13% Bloomberg U.S. TIPS 0-5 Year Index
Alabama ABLE Cash	Alabama ABLE Cash Index	ICE BofA 3-Month U.S. Treasury Index

Underlying Funds

Fund	Asset Class	Benchmark
Vanguard Total Stk Mkt Idx InstlPlus	US Equity	CRSP US Total Market Index
Vanguard Real Estate Index Institutional	Real Estate	Real Estate Spliced Index: MSCI US REIT Index adjusted to include a 2% cash position (Lipper Money Market Average) through April 30, 2009; MSCI US REIT Index through February 28, 2018; MSCI US Investable Market Real Estate 25/50 Total Return Index through July 24, 2018; MSCI US Investable Market Real Estate 25/50 Index thereafter.
Vanguard Total Intl Stock Idx InstlPlus	International Equity	Spliced Total Intl Stock Index: Total International Composite Index through August 31, 2006; MSCI EAFE + Emerging Markets Index through December 15, 2010; MSCI ACWI ex USA Index through June 2, 2013; and FTSE Global All Cap ex US Index thereafter.

Vanguard Total Bond Index InstlPlus	US Fixed Income	Spliced Bloomberg U.S. Aggregate Float Adjusted Index Bloomberg U.S. Aggregate Bond Index through December 31, 2009; Bloomberg U.S. Aggregate Float Adjusted Index thereafter.
Vanguard Short-Term Bond Idx I	US Short-term Fixed Income	Spliced Bloomberg U.S. 1-5YrGov/Cr Float Adjusted Index Bloomberg U.S. 1-5 Year Government/Credit Bond Index through December 31, 2009; Bloomberg U.S. 1-5 Year Government/Credit Float Adjusted Index thereafter.
Vanguard Shrt-Term Infl-Prot Sec Idx Ins	US Short-term TIPS	Bloomberg U.S. TIPS 0-5 Year Index